

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )

Telephone Number Portability )

) CC Docket No. 95-116  
) RM 8535  
)

INITIAL COMMENTS OF THE  
MISSOURI PUBLIC SERVICE COMMISSION

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In its FIRST REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING (hereinafter "Further NPRM") in this docket, released July 2, 1996, the Federal Communications Commission ("the FCC") requests comments on how to recover the cost of enabling "users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." NPRM at ¶7 (quoting definition of "number portability" at 47 U.S.C. § 153(43)). The Further NPRM defines three types of number portability:

- (1) service provider the ability to retain one's number when changing service providers;
- (2) service the ability to retain one's number when changing services; and,
- (3) geographic the ability to retain one's number when changing physical location beyond one's current exchange.

Id. at n. 15 (quoting Telephone Number Portability, CC Docket No. 95-116, 10 FCC Rcd 12350 (1995)). The Missouri Public Service Commission (“the MoPSC”) hereby submits comments on the proposals.

### **Summary.**

The MoPSC supports implementing service provider portability as a logical and practical first step in providing number portability. The Further NPRM’s proposed method of categorizing shared number portability costs, and the resulting methods of allocation, may warrant reconsideration depending upon who processes queries of the telephone number database. The MoPSC proposes that each carrier bear their own direct and indirect carrier-specific costs. Where appropriate, allocated number portability costs should be subject to the FCC’s separations rules. The task of designing rates to recover the intrastate portion of these costs lies within the states’ jurisdiction. Finally, state regulators should have the opportunity to participate in the establishment of the third-party administrator, and have access to the information underlying whichever allocation formula is selected.

**Implementation.** The MoPSC appreciates the FCC’s measured approach to the many and complex number portability issues. The MoPSC notes that the FCC’s recent order reflects the MoPSC’s earlier comments. Further NPRM at ¶¶ 175, 179. Finding a permanent solution to service provider portability is a logical and practical first step. Service provider portability is a logical first step because enabling telephone subscribers to retain their telephone numbers when they change local service providers will greatly enhance the prospects of local competition. In addition, service provider portability is a practical first step because the knowledge and experience gained in developing and deploying service provider

portability will provide all parties with additional information with which to address service portability and geographic portability.

**Shared costs (Further NPRM at ¶ 216):** The Further NPRM at ¶ 216 identifies three categories of shared costs: a) non-recurring costs, b) recurring costs, and c) costs of uploading, downloading and querying the database of telephone numbers. The MoPSC has questions about this categorization of costs. The Further NPRM does also not resolve the question of whether a third-party database administrator will process carriers' queries, or alternatively whether carriers will maintain their own copies of the database and process their own queries. Further NPRM at § 212. This unresolved operational detail may influence the categorization of costs and manner in which the FCC should allocate such costs.

Regarding the cost of accessing the database, a centrally-administered database may experience constraints on the number of requests it can process in a given time. In that case, the MoPSC would recommend allocating the cost of such a database on the basis of the number of requests coming from each carrier during the database's period of peak usage. Such an allocation strategy would reflect back to carriers the cost of their usage of a shared resource, i.e., the database's access capacity. On the other hand, if carriers maintain their own copies of the database, then the cost of accessing the database ceases to be a "shared cost," and the FCC need not allocate it. The burden of processing the requests, and any resulting capacity constraint, would appropriately be borne by the individual carrier making the request. In this case, the MoPSC would recommend that the database administrator allow carriers to buy access from, or sell access to, each other.

Regarding the cost of uploading and downloading the database, if a third-party database administrator will process carriers' requests, then the MoPSC recommends that the FCC allocate these costs as it allocates recurring costs. If carriers will maintain their own copies of the database, then the MoPSC recommends that the FCC allocate the cost of uploading and downloading the database on the basis of the number of copies of the database that each carrier maintains.

Regarding non-recurring and recurring costs, the MoPSC recommends that the FCC allocate such costs among carriers on some basis that is not: 1) burdensome to calculate; 2) burdensome to verify; 3) harmful to competition if disclosed; or 4) usage-sensitive. For example, allocating costs on the basis of minutes of use would burden telecommunications companies that offer flat-rate service and hence do not record minutes of use, and would create a needless incentive to reduce minutes of use. Allocating on the basis of accounting "profit" could be burdensome to verify, and potentially harmful to competition if disclosed.

**Direct carrier-specific costs (Further NPRM at ¶ 221):** Beyond shared costs, each carrier may have to incur certain direct costs, such as the cost of upgrading switches with the appropriate software. No evidence has been provided, nor has it been suggested, that such upgrades are overly burdensome to the individual carriers. In the alternative, however, recovering these costs exclusively from new competitive carriers or customers seeking to port their number would tend to retard use of the number portability system. Absent evidence to the contrary, it is reasonable to expect the individual carriers to bear their direct specific costs of providing number portability. Given that new competitors will also be required to bear similar costs for their own networks, no particular competitive disadvantage to either

incumbent or new entrant is apparent. Carriers under price caps could seek to have these direct costs considered as exogenous costs.

**Indirect carrier-specific costs (Further NPRM at ¶ 226):** Upgrading switches may cost money, but it may generate money, too. Upgrading a carrier's system to Signaling System 7 ("SS7") or adding intelligent network ("IN") or advanced intelligent network ("AIN") capabilities to provide number portability will also permit the carrier to provide, and charge for, advanced services. Such upgrade costs should be the responsibility of the individual carriers. Carriers under price caps should not be allowed to seek to classify these costs as exogenous. Again, since both the incumbent and the new competitor must provide equal network capacities, neither party would achieve a competitive advantage over the other.

**Separations.** To the extent that number portability costs are allocated to incumbent local exchange carriers subject to the FCC's separations requirements, responsibility for these costs should be separated between the intrastate and interstate jurisdictions.

**Rate design.** The above comments pertain to the allocation of number portability costs. The task of designing rates to recover such costs, or at least the intrastate portion of such costs, lies within the state's jurisdiction.

**Administration and auditing.** State regulators may be called upon to review number portability costs. Therefore, state regulators should have the opportunity to participate in the establishment of the third-party administrator. In addition, state regulators should have access to the information underlying whichever allocation formula is selected.

The MoPSC appreciates this opportunity to comment.

Respectfully submitted,

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